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FM AMEMBASSY BAGHDAD
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INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001601

SIPDIS

E.O. 12958: DECL: 06/17/2019

TAGS: [PGOV](#) [KCOR](#) [KDEM](#) [IZ](#)

SUBJECT: UPDATE ON ANTI-CORRUPTION DEVELOPMENTS IN IRAQ

REF: A. BAGHDAD 1454 ET AL

[1](#)B. BAGHDAD 1282

[1](#)C. BAGHDAD 1355

Classified By: ACCO Joseph Stafford, reason 1.4 (b and d)

SUMMARY

[1](#)1. (C) The investigation of former Trade Minister Al-Sudani and subordinates over corruption allegations is continuing, amidst parliamentarian's claims of interference in the inquiry by Prime Minister Nouri Al-Maliki's Dawa party. There are uncertain prospects for the Council of Representatives' early passage of assorted anti-corruption bills. The GOI's anti-bribery campaign has yet to receive much publicity; we are told that the Commission on Integrity has established an "operations center" to oversee the campaign. END SUMMARY

INVESTIGATION OF CORRUPTION ALLEGATIONS AT TRADE MINISTRY

[1](#)2. (C) Following last month's arrest of recently-resigned Trade Minister Abdul Falah Al-Sudani and other senior Trade Ministry (MOT) officials over corruption allegations (ref a), the Commission of Integrity (COI) is continuing its investigation, in cooperation with the investigating judge in Muthana province, where the arrest warrants originated. Al-Sudani is currently free on bail, and we have been unable to verify his whereabouts. A senior Trade Ministry official told Emboffs that Al-Sudani had fled to Syria, but COI contacts said they believed he was still in Iraq. Two MOT officials and a brother of the Minister remain in custody, and seven other MOT officials sought in the case are still at large. It is not clear when the investigative phase will conclude and trial proceedings get underway. In fact, it is uncertain whether the former Minister himself will actually face trial; a senior GOI official following corruption issues confided to us June 17 that investigators had yet to find enough evidence of wrongdoing by Al-Sudani to warrant prosecution. He said that unless other accused MOT officials provided more information on the ex-Minister's actions than they had to date, he would likely end up escaping prosecution. Our source did go on to predict that most, if not all of the other MOT officials implicated in the case would end up being tried and convicted.

PRIME MINISTER/COR SKIRMISHING OVER CORRUPTION DOSSIER

[1](#)3. (C) The GOI official spoke of efforts by Prime Minister Nouri Al-Maliki's Dawa Party to block the investigation of the MOT officials. He stated that, following former Minister Al-Sudani's arrest, a delegation of senior Dawa party officials visited COI Judge Rahim Al-Ugaili, who parried their appeal to halt the inquiry by stating that he lacked the authority to do so as it was being directed by the judiciary (i.e., the investigating judge in Muthana province). The head of the Council of Representatives (COR) Integrity Committee, Sheikh Sabah Al-Saedi, a long-time critic of the former Minister, recently accused Prime

Minister Nouri Al-Maliki himself of "intimidating" COR members in an effort to prevent them from questioning Ministers over corruption issues. He also charged Al-Maliki with attempting to block the prosecution of Al-Sudani. Al-Saedi went on to allege that the Prime Minister was behind a move to investigate and suspend the Iraqi Airlines Director General in retaliation for his arranging the return to Iraq of the passenger aircraft that Al-Sudani had boarded in an attempt to avoid arrest. (COMMENT: Besides Sheikh Sabah's latest criticisms of the Prime Minister, the ongoing skirmishing between the COR and Prime Minister over the corruption dossier is reflected in the failure to date of the Oil and Electricity Ministers to appear before the COR for questioning on corruption issues. Following the COR's grilling of Al-Sudani May 16-17, COR members had announced that the Oil and Electricity Ministers would also be questioned (ref c). END COMMENT)

STATUS OF ANTI-CORRUPTION BILLS

14. (C) Prospects for the Council of Representatives' early passage of anti-corruption legislation are doubtful. The legislative proposals cover (a) reform of Iraq's principal anti-corruption bodies, COI, Board of Supreme Audit (BSA), and corps of Inspectors General (IG), (b) an omnibus anti-corruption measure, and (c) a measure aimed at strengthening Iraq's anti-money laundering (AML) apparatus. While the latter two bills remain in the early stages of the legislative process and have yet to be formally debated by the COR, the trio covering the anti-corruption bodies were

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initially submitted to the COR a year ago, but were subsequently withdrawn by the GOI before the COR could act on them. In May, an alternative text of the COI bill, drafted by COI head Judge Rahim Al-Ugaili, received a first and second reading in the COR, but opposition by numerous MP's as well as the Prime Minister's office prevented final action. In a June 15 meeting with Anti-Corruption Coordinator and staff (ACCO), Minister of State for COR Affairs Safa Al-Safi indicated that the GOI planned soon to submit revisions of the BSA and IG bills for the COR's action, but declined to say when the COI bill might be submitted. In a separate meeting, another senior GOI official ruled out passage this year of the COI bill, but thought the COR might act on the BSA and IG bills "within a few months." He declined to estimate prospects for passage of the omnibus and AML bills. (COMMENT: Our sense remains that overall, the various proposed laws represent a step forward in terms of strengthening Iraq's anti-corruption regime -- but we lack full details on the latest texts in order to assess just how much of a step forward they represent. END COMMENT)

ANTI-BRIBERY CAMPAIGN

15. (C) The GOI's anti-bribery campaign, which formally opened June 1, has yet to receive much publicity, and what concrete steps have been taken so far are unclear. As previously reported (ref C), the campaign, envisioned as a joint effort by the COI and IGs, was initially to focus on selected offices in three Ministries -- Justice, Interior, and Finance. In a recent meeting with ACCO, deputy COI head Judge Ezzat Jaafer said that the campaign was intended to cover all Ministries and that overall supervision would be provided by the COI. According to Judge Ezzat, the COI has established an "operations center," initially staffed by himself and three other COI personnel. He readily acknowledged that the staff of the "operations center" would need to be substantially increased in order to direct and monitor the campaign adequately; he stated that additional employees would be detailed to the "operations center" in due course. (COMMENT: COI sources tell us that the COI workforce

is currently under severe strain, as many employees have been
assigned to the MOT investigation. END COMMENT)
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